

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
THURSDAY, FEBRUARY 11, 2010, 2:00 P.M.
Room 445, State Capitol**

Members Present: Sen. Howard A. Stephenson, Co-Chair
Rep. Merlynn T. Newbold, Co-Chair
Sen. D. Chris Buttars
Sen. Karen W. Morgan
Rep. Tim M. Cosgrove
Rep. Lorie D. Fowlke
Rep. Francis D. Gibson
Rep. Gregory H. Hughes
Rep. Bradley G. Last
Rep. Rebecca D. Lockhart
Rep. Marie H. Poulson
Rep. Phil Riesen

Members Absent: Sen. Lyle W. Hillyard
Rep. Kevin S. Garn

Staff Present: Ben Leishman, Legislative Fiscal Analyst
Patrick Lee, Legislative Fiscal Analyst
Karen C. Allred, Secretary

Public Speakers Present: Larry Shumway, Superintendent, Utah State Office of Education
Martell Menlove, Assistant Superintendent, Utah State Office of Education
Todd Hauber, Associate Superintendent, Utah State Office of Education

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Newbold called the meeting to order at 2:30 P.M.

1. Call to Order and Approval of Minutes

MOTION: Sen. Buttars moved to approve the minutes of the January 28, February 1, and February 3, 2010 meetings.

The motion passed unanimously, with Reps. Fowlke, Gibson and Hughes absent for the vote.

2. Follow-up on Items from February 10th Meeting

Co-Chair Newbold reminded the subcommittee that \$700,000 was added to the Beverly

Taylor Sorenson Arts Scholarship, as a priority add-back, in the last meeting.

Rep. Last asked to discuss the Regional Service Centers. In the base budget \$1.270 million has been allocated, and he would like to make sure there is enough funding for this year, and have the service centers take the same cut as the other programs, rather than it being eliminated. He is convinced of the value of these service centers, especially in the technology area.

MOTION: Rep. Last moved to restore under the one-time add back priority items, \$1.322 million dollars, minus the 5% reduction, funding for the Regional Service Centers.

Co-Chair Stephenson commented that during the interim committee members should look into these service centers further. Most of the small districts tend to have more money to spend because of the formula, and he thought they could possibly fund these centers on their own. Rep. Last commented that it is difficult to understand economies of scale. It costs more to deliver an education when the enrollment is small. Technology resources are particularly lacking in small districts. Rep. Last will commit to look into this during the interim and find out what districts can give to this. Analyst Ben Leishman responded that this item also acts as a proxy for the cuts in the Utah State Office of Education (USOE). If this item is funded, there would be no additional cuts to the USOE.

Rep. Reisen asked Rep. Last if his plan is to fully fund the service centers at the \$1.3 million or the \$1.3 million minus the 5% cut. Rep. Last responded that they should take the 5% cut, but asked if it is included in the \$1.3 million. Analyst Patrick Lee replied that the \$1.3 million is the original appropriated amount. Rep. Last commented that he would be happy with the \$1.322 million less the 5% reduction. Mr. Lee added that the Utah Education Network (UEN) also has 8 Full Time Equivalents (FTEs) within the Regional Service Centers, and the funding amount for those FTEs is just over \$500,000 for technology services. This is in addition to what the USOE funds for the service centers

Rep. Cosgrove asked for clarification from staff on additional one-time add backs. If they are not funded with one-time money how will they be added back, will they have to be prioritized under one-time. Mr. Leishman replied that the Executive Appropriations Committee gave this subcommittee the task of producing a list of 5% prioritized reductions. The process the chairs put together was to cut items for potential add backs, and if add backs are available, fund line items in the order prioritized. Rep. Cosgrove commented that some of the items are cut more than 5%. Mr. Leishman explained the appropriation recommendations for Library Books and Electronic Resources, the Carson Smith Special Needs Scholarship, Critical Languages and Dual Immersion, Teacher Supplies and Materials, Adult Education, and the Beverly Taylor Sorenson line items on the proposed budget. Co-Chair Newbold noted that the scholarships will be reduced because the WPU is going down.

Co-Chair Stephenson asked why the service centers were proxy for the USOE. Mr. Leishman replied that in developing recommendations, it was taken under consideration that

the USOE was cut over 21%, and to cut more would mean services would need to be evaluated and possibly eliminated.

The motion passed unanimously with Rep. Hughes absent for the vote.

MOTION: Rep. Gibson moved to add back, on the one-time priority list, \$224,100 for the iSEE and POPS programs.

The motion passed unanimously with Rep. Hughes absent for the vote.

Sen. Morgan asked why the Library Books and Electronic Resources was cut 100%. It was an on-going appropriation. Co-Chair Newbold responded that the intent of the Chairs was to fund it totally with one time money, and they were looking for on-going funds that could be cut. Any additional cuts would mean taking money out of the WPU. Sen. Morgan commented that it is vital to keep it in ongoing appropriations, and there has been more money than this in the past. She feels it should be cut the 5% of \$500,000, but kept as an ongoing appropriation.

MOTION: Sen. Morgan moved to restore Library Books and Electronic Resources line item at \$500,000 ongoing, out of the WPU and put it back in the ongoing programs where it was and cut it by 5%.

Co-Chair Stephenson commented that he feels the same thing will be accomplished when the process is over and he is speaking against the motion.

Rep. Reisen commented that if the subcommittee doesn't add it back into the ongoing appropriation, it is basically being put in one time money. There is a significant difference.

Sen. Morgan commented that if it is taken out of ongoing and put in one-time, they could keep the same amount of funding, and she didn't know which would be better.

Rep. Cosgrove spoke in favor of the motion. When Library Books and Electronic Resources was originally funded, it was with ongoing money, and has been reduced now to about 89 cents per student. As an ongoing item, it is a pittance of what was put into it originally.

Co-Chair Newbold commented that she won't support the motion because it will reduce the WPU.

Sen. Morgan summarized the motion by expressing concerns about taking a line item out of

ongoing status and putting it into one-time money.

The motion failed with Sen. Morgan and Reps. Cosgrove, Last, Poulson and Riesen voting in favor; and Sens. Stephenson and Buttars, and Reps. Newbold, Fowlke and Lockhart voting in opposition; and Reps. Gibson and Hughes absent for the vote.

Co-Chair Stephenson would like to hear what determinations have been made on funding the WPU.

Larry Shumway, Superintendent, Utah State Office of Education, responded that the middle ground he came to is to make proportionate cuts all the way down the line, and add back into the WPU. The difference between the Chairs' proposal and USOE's, is that the USOE is not singling out any programs to not be cut.

Rep. Last asked for clarification of Superintendent Shumway concerning the add back priority items as proportional cuts. Superintendent Shumway responded that those items would have proportionate cuts, and then put any add back into the WPU. It handles everything proportionately.

Rep. Lockhart asked the Superintendent if it is his position that all of the programs are of equal value. Superintendent Shumway responded that all programs are valuable, and he didn't want to zero out any programs. Each program helps kids. Rep. Lockhart asked if any of these programs after being cut 5%, may as well not have a program. Superintendent Shumway responded that this was discussed with those involved, and the consensus was that with a 5% cut, programs can continue.

Sen. Buttars asked if it wouldn't be better to find a program, that if cut, would fund all the other programs. Superintendent Shumway can't take the position of choosing to eliminate crucial services to a whole group of people. Cutting them all is better than cutting one entirely. Sen. Buttars explained he is committed to public education, not bound to other programs as a legislator, and feels one program should be cut to fund others.

Rep. Reisen would like the opinion of both of the Chairs as to why the Superintendent's proposal doesn't make sense to them. Co-Chair Stephenson responded that the most significance difference is the Interventions for Student Success. Taking 5% would lower the WPU significantly more, districts could fund programs through the WPU, and the local schools boards would have flexibility. Co-Chair Newbold, noted that a recommendation had been made for ongoing funding for the Imagine Learning, and stated that 3/4 of the Intervention for Students Block Grant is distributed along the WPU. She commented that there is not a lot of difference between the two proposals. Rep. Reisen asked if there is any room for compromise so the process is as painless as possible. Co-Chair Newbold commented that the Legislature has the responsibility to set the budget, even though the School Boards input is appreciated. Co-Chair Stephenson commented that a couple of other

areas where there is a difference, is in the Charter Replacement money and Educator Salary adjustments. The Chair's proposal funds those and the Board's does not.

Sen. Buttars asked if there are programs listed that are not constitutionally required. Mr. Leishman responded that the constitution is fairly broad as to funding programs.

MOTION: Rep. Gibson moved to adopt the Chair's budget proposal for FY 2011, including the motions to the budget that have already been passed.

Rep. Gibson commented that funding the WPU is the most important, and the Chair's proposal does that. He doesn't think the cut will be 5%, but has to assume the worst.

Sen. Buttars spoke against the motion and commented that he still thinks eliminating a program and covering some great initiatives would be a better plan.

Co-Chair Stephenson posed the question of what programs are not being funded, a 5% cut does not mean they are not being funded. Sen. Buttars responded that a 5% cut wipes out some of the programs. Co-Chair Stephenson said those involved in these programs have said that is not true, that they can accommodate a 5% cut. He has considered eliminating almost all, but feel they are critical to have.

SUBSTITUTE MOTION: Rep. Cosgrove moved to fund increased student enrollment as part of the FY 2011 budget, and not cut it 5%.

Co-Chair Newbold doesn't think this motion is in line with this Subcommittee's scope.

Co-Chair Stephenson clarified with staff the distribution of the growth costs as currently being proposed. The entire system needs to absorb enrollment growth, and wants to make sure that is being accommodated. Mr. Leishman responded that under H.B. 1 that has been accommodated and is a function of the WPU. The only way to change the WPU is to have less students or devalue the WPU. The funding has to adjust to be distributed where students are located. Rep. Cosgrove responded that lowering the value of the WPU doesn't weight the value of WPU per child, if increased enrollment growth is not being counted. Decreasing the value of the WPU does not fund increased student enrollment growth. Mr. Leishman responded that he was correct, the WPU formula is to divide the amount budgeted by the number of students in the system. There are only two variables to adjust the WPU, the number of students enrolled, or the value of the WPU. Rep. Cosgrove commented that when the WPU is funded, student enrollment is not funded, just the WPU is funded. Mr. Leishman replied that we are funding more WPU's at a lower cost.

Rep. Last stated that what Rep. Cosgrove is proposing, is essentially being accomplished. Backfilling the WPU, will fund growth. The original motion accomplishes that funding.

Co-Chair Stephenson commented that the sentiments of Rep. Cosgrove's motion is the same as a discussion he had with the Executive Appropriation Committee (EAC) leaders, which is making the argument that requiring public education to take a 5% cut and reducing the WPU is like taking an 8% cut, and told them that it is not acceptable to take an additional hit. He said that to fund client growth first, and then take a 5% reduction on everything else is what needs to be done. EAC assured him that public education would not end up with an 8% cut.

Rep. Gibson commented that the substitute motion is not a reality and spoke against the substitute motion.

SUBSTITUTE MOTION WITHDRAWN: Rep. Cosgrove withdrew the substitute motion.

Sen. Morgan stated that she wants to make sure the original motion includes the add backs at the bottom of the blue sheet go to the WPU. Co-Chair Newbold replied that those are included in one time money.

Rep. Gibson summarized his motion and feels this motion would give the districts flexibility.

The motion passed with Sens. Stephenson, Buttars and Morgan, and Reps. Newbold, Fowlke, Gibson, Last, Lockhart, Poulson, and Riesen voting in favor; Rep. Cosgrove voting in opposition; and Rep. Hughes absent for the vote.

MOTION: Rep. Cosgrove moved to ask the EAC to fund increased enrollment and not cut 5% to the public education budget.

The motion passed unanimously with Rep. Hughes absent for the vote.

4. **FY 2011 Final Prioritization of Budget Items**

Rep. Gibson asked for clarification on the prioritizing of add backs if available, and if they are to rank the items that were already added back through motions, and what those totals were. Mr. Leishman responded that the additional one-time add backs made by motions were \$700,000 to the Beverly Taylor Sorenson, the POPS and iSEE items \$224,100, and \$1,256,600 for the Regional Service Centers, to the total of \$14,416,000, making a new total of \$16,662,800, plus the add back to the WPU.

Co-Chair Newbold asked the subcommittee to make suggestions of what order items should be added back if money is available, if there is a specific order for the add backs or if the whole list should be added back proportionately.

MOTION: Sen. Stephenson moved to proportionately restore the programs identified previously with motions, of one-time blocks on the list, with add back money, and all additional back fill money goes to the WPU restoration.

Sen. Morgan commented that she understood the backfill was going to the WPU first, and then to the other programs, and asked Co-Chair Stephenson to clarify his remarks yesterday. Co-Chair Newbold, understood that the add backs would go to the prioritized list first. Co-Chair Stephenson commented that rather than restoring 5% cuts, after we have funded items made by motions, rather than restoring other items, add back to the WPU.

The motion passed unanimously with Reps. Hughes, Last and Lockhart absent for the vote.

4. **Other Business**

Co-Chair Newbold expressed appreciation to everyone.

Sen. Morgan had some motions to make concerning moving of line items.

MOTION: Sen. Morgan moved to make 3 transfers -- 1. \$255,000 from the USOE Initiative Programs line item to Utah State University (USU) to support the Sound Beginnings Program. 2. \$169,300 from the USOE Initiative Program line item to USU to support the ASSERT program. 3. \$300,000 from the USOE Initiative Program line item, Performance Base Compensation Pilot Initiative Program, to the Minimum School Program.

Rep. Cosgrove expressed concern with the ASSERT program being added to that motion. Sen. Morgan replied that the funding is protected, but the line item is being moved for USU to administer that program. Mr. Leishman responded that the motion would transfer items to USU instead of requiring them to be inter-agency transfers through the USOE. It does change the oversight from the Public Education Subcommittee to the Higher Education Subcommittee, and the budget becomes a part of USU's budget. Rep. Cosgrove asked if that means the money follows the program. Mr. Leishman replied that it would cut out the USOE, and be administered by the University. Rep. Cosgrove asked how is that money protected. Mr. Leishman responded it is protected as much as it is now, but appropriated through the Higher Education budget instead of Public Education. If Higher Education decided not to maintain funding, that would be their discretion. Rep. Cosgrove stated that this is his concern, these are critical programs, and these may be items that get left off the table.

Rep. Gibson would like someone from the USOE to comment if this would be their recommendation. Martell Menlove, Assistant Superintendent, Utah State Office of Education, responded that the current relationship is a pass through relationship, and their current role is a reporting role to this subcommittee. The transfer would be for USU to

report to Higher Education which the USOE is fine with.

Rep. Cosgrove asked Mr. Menlove about interagency transfers. Todd Hauber, Associate Superintendent, Utah State Office of Education, replied that an inter-agency transfer is like a contract to carry out a program. In this situation they wouldn't have that interagency agreement, the University would just carry out the mission of the program. Rep. Cosgrove commented that a Vocational Rehabilitation program went to another committee a couple of years ago, and he is concerned with transferring ASSERT when the Higher Education's budget is cut worse than this subcommittee's. Mr. Menlove commented that there is some history to those types of transfers being made. Mr. Hauber commented that even though they are reporting in a different subcommittee, these transfers often result in better situations.

Sen. Morgan summed her motion by saying that this transfer will protect the programs more than in our budget. These programs are very important to USU.

Co-Chair Newbold asked if the Performance Based Compensation Pilot Initiative Program that is being transferred from the USOE Initiative Programs line item to the Minimum School Program, is an ongoing appropriation. Mr. Leishman responded that it was.

The motion passed with Sens. Stephenson, and Morgan; and Reps. Newbold, Fowlke, Gibson, Poulson, and Riesen voting in favor; Rep. Cosgrove voting in opposition; and Sen. Buttars and reps. Hughes, Last and Lockhart absent for the vote.

Sen. Morgan distributed a handout to the subcommittee, which shows a format or grouping change and creates an Initiatives and Grants line item box on the handout, to group those line items together and asked if that needed a motion. Mr. Leishman responded that it stays in the Minimum School Program and does not need a motion.

MOTION: Sen. Morgan moved to transfer the Electronic High School and Public Education Job Enhancement Program from the Minimum School Program to the USOE-Initiatives Program line item.

Mr. Leishman explained that the Electronic High School program is overseen by the USOE, and the Public Education Job Enhancement is budgeted in the Minimum School Program but is not in the MSP Chapter 17A. This moves it into the Initiative Programs line item and clarifies where it is accounted for.

The motion passed unanimously with Sen. Buttars and Reps. Hughes, Last, and Lockhart absent for the vote.

MOTION: Sen. Morgan moved to transfer the Educator Salary Adjustments Program from the Related-to-Basic School Program to the Basic School Program in the Minimum School

Program. This requires the program be assigned WPU's and other statutory changes. She further moved to work with staff and subcommittee co-chairs to develop the necessary statutory language for inclusion in the Minimum School Program bill.

Mr. Leishman explained that this motion puts this in the Basic School Program and establishes it as a program that is Basic to the Public Education system. It generates WPU's and those WPU's increase with growth. The amount of funding would increase with the value of the WPU.

Rep. Gibson asked for clarification on the motive for this change and how is it different. Sen. Morgan responded that it would put it above the line and get the WPU increases, and prioritize salary adjustments.

Co-Chair Newbold asked if a dollar amount would go to each teacher and would change based on the WPU. Mr. Leishman replied that when it moves through a WPU program a certain dollar amount is not likely possible. Co-Chair Newbold expressed concern that \$2,500 of the money is given to all teachers and administrators and \$1,700 given to teachers only. She would like to keep the integrity of the original intent. Sen. Morgan commented that she may have misunderstood this move and asked if it needs to be kept below the line and if there is a way to assure the same amount. Mr. Leishman responded that a formula could be developed if it was put above the line, to distribute a different amount to teachers, and a different amount to administrators, and that it could be kept the same through the weighting of the WPU.

MOTION WITHDRAWN

MOTION: Rep. Cosgrove moved to ask staff, through intent language, for a report on the Sound Beginnings and ASSERT programs to the Public Education Appropriations Subcommittee on how the money is being used.

The motion passed unanimously with Sen. Buttars and Reps. Last and Lockhart absent for the vote.

MOTION: Rep. Gibson moved to adjourn.

The motion passed unanimously with Sen. Buttars and Reps. Last and Lockhart absent for the vote.

Co-Chair Newbold adjourned the meeting at 4:20 P.M.

Minutes were reported by Karen C. Allred, Senate Secretary

Sen. Howard A. Stephenson, Co-Chair

Rep. Merlynn T. Newbold, Co-Chair